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OBSERVATIONS

ON THE

PRINCIPLES AND OPERATION

OF

BANKING;

WITH

STRICTURES

ON THE OPPOSITION

TO THE

BANK OF PHILADELPHIA.

BY ANTI-MONOPOLY.

1804.

OBSERVATIONS ON BANKING, &c.

SOME efforts have been made to produce fears and doubts in the minds of the legislature, on the proposition for granting a charter to the new bank, established at Philadelphia. The proprietors of that bank have been most unworthily accused, of acting under the direction of men whom they do not know, and who neither have, nor never had any concern or even knowledge of the institution, than what was published in all the newspapers.

It would be inconsistent with the sentiments which are entertained of respect for the legislature, to employ reproaches and unfounded imputations, in justification of an application to that body. When the foundation of the application itself, rests upon the basis of equal justice, equal rights—when it is strengthened by considerations of such a nature as concerns the interest and prosperity of the state, so as to invite scrutiny,—and to be confident of legislative approbation, the more it is examined.

The imputations which have been made, without provocation and without a shadow of justice, against the proprietors of the Philadelphia bank, might have been passed over in the consideration that the legislators themselves, have not escaped the measures of the directors of the bank of Pennsylvania; but as it too often happens that an uncontradicted misrepresentation passes for truth, reason will sanction some notice of the allegations—and the production of a few important facts, and such a view of banking and its operations, as may put it out of the power of those who censure the legislature, to *say* again that they are incompetent to decide upon the subject.

It is not to be expected that when the most celebrated of writers on political economy, Mr. Adam Smith, speaking of money, declares that "It is the ambiguity of language which renders certain propositions doubtful or paradoxical, which properly explained are selfevident." It is not, to be expected

not thoughtvery surprizing, to find a legislature composed of farmers principally, imperfectly acquainted with the details of banking, and the nature and operation of credit in all its complex operations.

One of the directors of the bank of Pennsylvania, did however *say* that judging from his own ignorance *two* years ago, he was satisfied the legislature were not competent to judge upon the subject of banks. The inference would be, that before the legislature should dare to legislate upon any subject, they ought each to go through a two years service to require a knowledge of the *certain mysteries* to qualify them for entertaining a doubt even of the correctness of their former colleagues own understanding on the subject. Let it be observed for once, that if an exception of this kind could be admitted at all, to the competency of the legislature, that the exception would at once strike at the root of republican government, and as a necessary consequence it would follow, that a few all competent and self confident characters should *do their business for the people.*

Though the legislature are not each of them alike informed—and though the compass of an Encylopedia may embrace more than their knowledge—it is presumed that their ears and eyes and understandings, are competent to hear and see and determine upon truths that are palpable That, as it is their right to determine as legislators, so it is their duty to hear as representatives, and to do between their fellow-citizens according to the constitution, equal justice, and for the general prosperity of the community.

With these impressions it is here intended to offer a concise view of the principles and operation of all that relates to banking institutions—to simplify the subject as far as is practicable, prefatory to some notice of what has been attempted and said by the committee of the Pennsylvania bank.

No words are more familiar than money and riches—and tho' truly described, they have not a common meaning; they are often employed the one for the other—as a man, who has a great quantity of money, is said to be rich; and a rich man is very often considered as as a man possessed of a great quantity of money. Yet in truth a man may be immensely rich and have not a single piece of money; as many of our first farmers are, possessed of vast well cultivated farms, and live-stock, grain and so forth—but not possessing a single dollar, until the crop is made and disposed of.

When Locke undertook to penetrate the mazes of the human understanding, he found like Smith in unfolding politi-

cal economy, that the first difficulty to be removed, was in the *ambiguity of language*. To comprehend *banking* it is equally necessary to understand the terms employed on the subject. Because on the misapplication of the terms, under different circumstances, arise the mistakes which make the subject difficult to be understood.

So a man may have a million of dollars in his chest, but if it remains there, he is as poor as if he had his money among the Otaheitans, who assign no value, or will give no more in exchange for an eagle or a dollar or a copper coin, than for a shell or a glass bead. In that place a man with the capital stock of our banks in hard cash would be poor.

Money and riches then mean different things; and they are to be explained by their actual nature and their use. Riches are called by mercantile men *stock*. As a man with a large quantity of goods in his warehouse or store, is said to have a large *stock in trade*; and this man is rich in his trading stock, as the farmer in his live-stock and tillage and pasture land. But even the farm and the live-stock, and the stock in trade, require something more than mere possession to constitute riches. For there must be labor to cultivate and to sell, and as human wants require sustenance, there must be food and raiment. If the land lies uncultivated (as too much of our land does for want of capital) and if the trading stock remains in the ware-houses, the riches diminish daily by the necessary consumption of the owner and his family.

From hence springs new terms and new principles, which give to society its activity and its health. Trade begins where necessity compels one man to part with something which he has, and does not so much want as what another man has—and the two exchanging their several articles, is what is called *barter* or exchange of commodities. James gives Jacob three bushels of indian corn, for which Jacob gives James a wood-axe and a pair of shoes.

This custom of barter existed very lately in the United States; in Maryland the practice yet prevails, of rating the salaries of some officers and fees in the courts by a certain quantity of tobacco. In the North-Western Territory, within the last four years, public officers have been paid their salaries in deer skins. Before the year 1724, when the public credit was first represented by paper-money—the custom was in the city of Philadelphia, when a citizen went to market, to take pen and ink with him, and when he bought any article of necessity, corn, poultry, venison, or the like, as there was neither solid money nor paper money, he gave the

market-man an order for any goods that he might want in one of the stores. This operation of barter it will be perceived had a new character—there was *credit*—the credit given by the shop-keeper to the citizen, made the shop-keeper in fact his *banker;* for he drew on him for the amount of the necessaries he purchased. What happened in all ages long before, happened here from necessity. Credit was given and the mode of exchange found pernicious, as a farmer was often obliged to buy goods which he did not want, or give a credit to the storekeeper.

This rendered necessary something which would secure to the farmer pay on delivery; money in its solid form was not to be had—the government issued its notes—which were convenient and enabled the farmer to buy just as much as he wanted, and to lay the rest by for his uses at a future time; it set aside barter—and this was affected by the *credit* of the state, which became the common banker of the buyers and sellers.

When produce became abundant and articles were exported, bullion in, the shape of coin was brought in and being sufficient for a country in the colonial state with a restrained trade, then paper money in some though not in all the colonies superceded *coin.*

After the revolution money had totally disappeared—but the genius of American commerce had not yet risen up like Hercules, out of the cradle of the revolution to astonish the world.

America had no credit, but was universally in debt to foreign nations--her commerce was shackled by foreign jealousy and she was compelled to see her produce carried into foreign countries by foreign ships, and the proceeds applied to purchase clothing and other foreign productions. It was not wonderful that there was no coin—the whole was exported for goods as soon as it was received for produce; and the Spanish dollar appeared and disappeared before the talisman of commerce: the silver dollar had an unequal value, and passed for various sums in the different states—it was eight shillings in New-York—seven and six pence in Pennsylvannia, and five shillings in the southern states—though the dollar was the same coin in each place. The states sought to remedy the evil by issuing a small paper change which could not be exported, and by this means society was saved from great injuries. Industry and enterprize soon removed the inconvenience altogether. Banks began to be established by which credit was brought to the aid of industry and to

counteract the effects of the foreign export of our circulating specie ; until by the success of enterprise sustained by a secure credit—we have become the exporters of our own productions—and the importers of what we require from foreign countries, until our tonnage equals that of any nation in the world.

It may be necessary to go back again to a further illustration of the nature of money and credit, to shew how they severally have operated in producing the public prosperity. Money, which is generally understood to mean only coined pieces of gold, silver, or brass—as was before observed, is of no *real value*—its value is derived from *credit*.

This is one of the ambiguities of language of which Adam Smith complains. But it is a very simple fact, if fairly examined. Money is simply a *fixed measure*—like a gallon or a hogshead—a two-foot rule or a pole measure. It gives you at once a *measure of value*—or a standard by which you know what relative worth several articles bear to each other. A number of barrels of flour may be worth a number of bars of iron—but this mode of exchange is without a standard—as the wants or the abundance of the owner of the flour will induce him to give it for a greater or lesser number of bars of iron ; and tho' every man wants flour, few want iron.

Here then money is the measure, and by that measure the holder of the flour or iron may part with his commodity without being obliged to take another, a portion only of which he may want. As to real *use* a pound of iron is of more actual value than a pound of silver; because it will make the most useful instruments which silver will not—silver and gold derive however a greater value from *credit*—which will next be attempted to be explained.

The rise and operation of credit in our colonial state has been explained. It may be useful to resort to Europe, where so much experience is to be acquired on the subject of credit.—The rate of money has not been uniform in Europe. Smith in his Wealth of Nations admirably explains its various changes and properties. It may not be amiss to take views of the subject which have escaped him, or which may further illustrate the principles of *money* and *credit*. *Money* is the sign or measure of commerce, how it came to be the measure has been partly explained. The first money in the shape of metal was in *bars*, upon which stamps were fixed to designate the use, the quality of the metal, and was prefered because not subject to be defaced like written figures of credit. The pound sterling was originally a pound weight

of silver. The discovery of America reduced silver to a third of its value.

The discovery of those wonderful arts, of navigating by means of the magnet and the art of printing—created new worlds and new knowledge—the field of commerce was extended, and only surpassed by the vast scope afforded to human knowledge—the poor became possessed of the means of improvement, and mankind were placed upon equal terms by this wonderful art—The wants which where created by extending the scope of commerce and intellect, gave new springs to industury and generated more wants—the celerity with which voyages were made—the numerous discoveries in arts—all created new necessities for money, and rendered nations dependant on each other for their respective produtions—hence factors—and agencies in foreign nations—hence exchanges and their variation as abundance or want—war or peace prevailed.

In process of time it was found that one nation by monopolizing all the bullion of which the measure of commerce or coin was made, subjected other nations to a dependance on it, and that when that nation was involved in war, all others suffered from the scarcity. Hence arose bills of exchange or foreign credit. A. at London drew on B. at Leghorn for six thousand pounds, which he returns in goods—and B. drew on him for the price of the goods, in return for a like sum.—This arose from the credit which each placed in the other—when A. had dealings of a nature which his correspondent could not fulfil, he still drew on him for money to be paid to another, this was executed; a commission or interest repaid B. for the use of his money; and he honored his draft in return on similar occasions.

But it was still necessary to adhere to the standard or measure of trade, that is coin; and which though it varied a little in value in different nations was still so nearly at par or of equal price, that it remained to be the measure of trade and of exchange, though paper drafts had actually taken its place—where money was, it still preserved it measured value—and each man who wanted the commodities of another country was certain of obtaining a certain quantity of the commodity for a given sum of money—and when money was scarce credit supplied its place.

Another principle of trade and property is often mistaken. It has been very generally conceived that the quantity of money in the metallic form which circulates in society is the *capital* of that society. Which is not the case. The capital

of every country is its productive land, its productive industry, its productive or saleable commercial property—it is the live stock and cultivated land of the farmer, the active saleable merchandize in the store of the merchant, the active labor of the artist and mechanic. The combined active *stock* of all the individuals is the true *capital* or riches of a country. Here *stock*, *capital*, and riches mean the same thing—but are different things from *money* ; for money itself exists only upon the *credit* of this capital, stock, or riches, because it procures a certain quantity of each ; but as soon as it procures that value, if it is not put in activity again, it is of no value while unemployed—it is then like uncultivated land a dead stock.

The facility of foreign exchanges, and the scarcity of the home measure of commerce, in Europe as in America in 1724, induced the resort to credit ; and companies were formed who undertook to provide another standard or representative of stock—who attached to their written or printed obligations, the actual value of money.

A word on *value*—it is generally said the value of an article is so much money. The simple meaning of this is no more than the relation which goods bear to money—we say a yard is three feet long, that is the value of its measure or length ; so money is the measure of value in proportion to the received usage of the country or the market—and every article for sale bears exactly the value of what it brings in exchange —so that if you sell a barrel of flour for five dollars cash or five dollars in a note—if you can get as much salt, sugar, butter, or any other necessary of life for the bank note or the coin, the value of the note and coin is exactly equal, because they bring an equal quantity of goods in exchange. And the value of the coin as well as the note depends upon the *credit* placed in each.

Credit is essential to the value of each—for they must obtain goods applicable to use in exchange—and they have no other use but as that medium or measure. It is to the confidence which each man feels when he receives dollars or notes, that he can at pleasure exchange them for goods, that their value is due—and that confidence is credit.

These explanations are desultory, from the difficulty which exists in explaining terms, which are used very loosely in general discourse. The subject of banks is now necessary to be explained. The history of banking would form several volumes. Such institutions existed in Athens, the most celebrated, free and happy republic of antiquity—and to banking she owed her pre-eminent prosperity in commerce, and in other respects, over all other people of antiquity.

Beside the utility of banks in securing society against the effects of war and other evils which prevail in other nations; their great importance is, that they provide means for putting industry and capital into activity, which would have otherwise remained wholly unproductive and wholly useless—this is done by the operation of *credit*.

The real capital or stock of a community has been explained. A man possesses one hundred barrels of flour, and it is at a low price in the market—he possesses no money—the flour is his whole stock—he must borrow, or his flour perishes—Men in a commercial society find too much employment for all the money they possess to have any on hand; there are no banks—the flour perishes. But if a bank is instituted he soon finds money, the buyer obtains the signature of a friend who will lend him his credit though he has no money—and the bank here not only saves the capital of the individual, but enables him to carry it to a better market and bring back the value of the principal with the profit into society.

If there are no banks, the few who may possess money can dictate to the farmer a low price, because the money being in few hands enhances its value. Banks have an interest in giving credit, and placing money in numerous hands. The greater number of men with money whether derived from long established trade, or from a new and active credit, is immaterial to the farmer—there is a greater number of customers created, and the competition enables the farmer not only to demand the highest price, but to insist on ready payment, which is not the case when there are a few only possessed of the means of purchase.

By banks also no inconvenience is felt from the exportation, by avarice or by fraud, or by foreign collusion, of the circulating bullion. The banks will have an interest in keeping what is adequate to their trade and their credit.

While on the other hand the mercantile adventurer is enabled to carry abroad bullion, to bring home goods which are in request, and to add the profit to the active capital of society, and to sell his goods cheaper—for by means of the home credit he is not dependant on foreign credit, and can rival the foreign competitor by selling cheaper, than he who has to bear the expence of his ship back to his own country from our market.

Were it necessary to resort to Europe for evidence of the advantages which nations derive from banking, and the principles of credit upon which they operate—Holland, Venice, Genoa and England would afford the most interesting demonstra-

tions. Scotland from being the poorest and most oppressed nation in Europe, has become the most flourishing in those parts contiguous to banking establishments.

In England there is but one chartered bank; but there are near three hundred without charters. The power of the banking system may be shown even from the abuse of the bank of England by the government; of what vast benefits was it not susceptible, had only the amount of its bank debt been employed on cultivation or the useful arts. The whole of the island of Britain instead of being rendered miserable by its government, might be cultivated like a pleasure garden.

In our own country, to what cause is it that Philadelphia so long held the lead in commercial prosperity—Why do Baltimore and New-York rival and outstrip us in the race of prosperity.

The cause is in a great measure to be attributed to the activity which the banks of Philadelphia gave first to commerce, but in which she has been surpassed by the greater activity & liberality of the banking institutions of those cities. When young men are entering into commerce or industry, they resort not to Philadelphia as heretofore—it is an universal complaint that it is to men already rich, or to an exclusive class of men, the banks of Philadelphia have been heretofore of use. The banks of New-York and Baltimore do not exclude the man of industry from a small loan, in order to give a thousand times the sum to the large exporter or importer. Hence those two cities prosper more in proportion than the capital of Pennsylvania; and in them are found numbers of natives of Philadelphia and other parts of Pennsylvania, who prefer the liberality of those places to that of the captital of their own state.

The eastern states whose genius for commercial enterprize has excited the envy and admiration of Europe, have understood this subject well—and addressed themselves to it with their usual success.

The eastern states grant no monopolies. There are a *greater number of banks* in the state of Massachusetts, exclusive of Maine, than in all the states south of Pennsylvania. They allow more credit. Hence there is more actual industry in that state than in any other in the union. From that state more manufactures are produced than all the rest of the union, there they draw from the middle and southern states as much riches as they draw from external commerce by their intrepidity as mariners.

The manufacturer in Massachusetts obtains money from the banks to purchase materials for trade and the wages of

his workmen ; the interest he pays is small, and he is enabled upon every sale to add his profits to his trading capital and to extend his dealings through the credit which the banks afford him. The population of Massachusetts is much less than that of Pennsylvania, and it is found that there a *greater number of banks* find a prosperous employment—while it is pretended that there are enough for the state having the largest population and with the most landed and agricultural as well as commercial property in the union.

It may be necessary to notice some of the allegations made by the Pennsylvania Bank, with a view to excite prejudices and apprehensions in the minds of the legislature.

In the first paragraph of their memorial they declare themselves "the *Guardians of the State*."

It seems the state has a great many *kinds* of guardians ; the judges, by imprisoning the citizen, as in the case of Mr. Passmore, call themselves the guardians of the state.

The judges in the case of the choice of inspectors of the Philadelphia prison, are called the guardians of the state ; & their guardianship goes so far as to step clearly over the law of the land, and in defiance of the law of 1790, and of the constant practice under it ever since, to depart from its spirit and defy its letter.

The Bank of Pennsylvania in the same spirit undertakes not only to erect themselves into guardians of the state, but to assume a maxim that the state must be ruined, if they are not secured in a monopoly of its money, and its trade in money !!

Heretofore it was considered by all reasonable men, that the guardianship of the state was placed in the legislature, and that the laws of the land and the constitution were intended not as instruments to profit one set of men at the expence of all the rest, nor as uncertain guides subject to the caprice or the interests of men who are the mere creatures of the law and not its masters.

The bank of Pennsylvania, it is true holds a sum of money belonging to the state. It was presumed that six directors were appointed to guard against the misapplication of their money. If their guardianship then was any where, it was to guard the state against the mismanagement or the errors of the bank ! But here we find that these guardians are sent forward not with an account, which has been so often asked and never exhibited, but as the agents for monopoly against the growing interest of the state, against the equal

rights established by the constitution—and against the character of the legislature, of which they are the mere creatures. By the charter granted to the Bank of Pennsylvania, their stock was enhanced from ten to thirty per cent. They are not content with this.

The Bank of Pennsylvania was by no means *necessary* to the credit of the state. But the bank appears to think that without them the state cannot exist! Without considering that it is the embarkation of the bank of England, in the views of that government which has destroyed the liberties of that country, and converted the nation into a set of brokers, usurers, and sharpers. Pennsylvania is too rich in capital to be dependent on any bank, and can obtain aid from any or all the banks if exigency should require it.

The language of the Pennsylvania Bank when they applied for a charter was, that it would be useful to the state and people—but they say another bank would be injurious to the state and people! Has trade depreciated? Has the activity and commercial enterprize of the people decreased? On the contrary, the trade of the United States according to the report of the secretary of the treasury, has encreased in a few short years in the proportion of *five* to *one*: without taking into view the acquisition of Louisiana, or the independence of St. Domingo. Louisiana, will employ more than ten millions of capital before the end of two years; and St. Domingo under the old government of France, yielded in produce to France more than two hundred millions of dollars annually. If the Pennsylvania Bank wish to monopolize the trade of these two markets, their capital is not adequate to it. When they tell the legislature it is adequate to all demands, they obviously betray either ignorance or a design to insult the understanding of the legislature, by supposing them ignorant of the public interests.

After what the directors of that bank have charged upon the Philadelphia bank, any kind of recrimination would not be unjustifiable. But what is not required is avoided. Why did they attempt to insult the legislature by saying that a number of men trading with their own money, were acting in *opposition to law?* Why did they not point out the law which authorized monopolies? Why did they not shew that any could exist in a free and equal government?

What was the state of the commerce of Pennsylvania previous to the establishment of Banks, and what it it now.

Previous to the establishment of Banks, more than one half the produce of the state, was exported from the port of Philadelphia in British ships—and nearly all the goods consumed in this state were imported in British bottoms.—The want of *capital* enabled *foreigners to purchase our produce in our ports* at their own price.—And it must be notorious to most of the people of this state, that in those days, for want of means to carry on extensive commerce, thousands of barrels of flour perished in the city of Philadelphia—and millers from the distance of hundreds of miles had to go once twice and thrice to the city of Philadelphia for the proceeds of their flour, which was sold in many seasons at twenty-eight or thirty shillings the barrel. In those days the people were constantly petitioning for *loan offices*, because money was not to be had but from usurers at five dollars a month for the loan of one hundred dollars. What has been the state of the market since?—banks, which are in fact loan offices, have been established—and the price of flour even in peace has sold for double the old price, and in war for four times.—Foreign ships have been banished from our ports and are replaced by our own ships, and our own merchants can carry our produce to foreign markets, and bring back the price and the profit to the common capital of our own country.

And this is very easy of explanation, foreign trading nations had banks, and gave credit. We had none, and until we established banks they were our carriers.

By banks the *money* of the country which is the representative of capital, was doubled. For while the money remained at home, a *credit* was given equal to its amount. If Thomas knows that Jacob has goods which cost him five hundred dollars, he knows that upon the sale he will obtain one fourth, that is 25 per cent more than the five hundred dollars, that is one hundred and twenty-five will be added to his capital. But if his goods are locked up they will not produce any thing. While Thomas has a family and a home with this property and preserves a fair character, all joined together afford good reasons for giving him a credit equal to his capital stock of five hundred dollars, in order to enable him to add the one hundred and fifty to it—he sells in a month, and buys 600 and twenty-five dollars worth, to which he adds in one month more another fourth, that is one hundred and fifty-six making his capital seven hundred and eighty-one—activity will enable him to obtain a greater and a quicker return—for example flour bought for eight dollars during the last war, sold for forty in the West-Indies ; here five hundred dollars worth of flour in

a voyage only of three months brought four thousand dollars—and the whole credit which was worth only five hundred, is in that short space worth four thousand. These principles apply to all the operations of commerce, excepting banking. The profits of banking depend upon the activity of trade, their interest is to give trade activity ; as their profits never vary in a single one hundred dollars, but encrease with the demand.

The effort of the Pennsylvania Bank is one of the most unnatural, as well as ill-judged, that can possibly be conceived.—No man but a despot could conceive the idea of restraining thought, or preventing man from thinking ; no reasonable man can expect that the spirit of commerce can be restrained in a free nation ; commerce like water will always find its level ; yet the attempt to make water run up-hill is not more absurd than the attempt to check the operations of the commercial spirit. For it encreases with knowledge as well as with necessity. When one voyage is made to China or India, the knowledge acquired induces more, because objects for commercial enterprize are discovered that were before unknown. But no one would go to China if the market was a bad one, or if he were to bring home stones instead of nankeens &c. It is the same way with banking ; the establishment of one led to more, and they will continue to go on until the market will bear no more——that is until their profits are not greater than the ordinary interest of money ; and very probably one of their first and best effects will be to reduce the interest of money.

That they will go on is evident from experience, and it matters not whether charters are granted or not, they will be established so long as they can sustain themselves by commerce and repay their capital with a due interest. The efforts of the Pennsylvania Bank are directed against nature, against experience, and against sound policy——and, in fact, the only object which they could accomplish, if the Legislature could listen to their dictation, would be to deprive the state of the revenue which may be derived from Banks.

That the Pennsylvania Bank is opposed to the policy and prosperity of Pennsylvania is obvious——for though they have refused the paper of the Philadelphia Bank, the Banks of Boston, Hartford, New-York, Baltimore, Delaware and Alexandria, accept them—and their acceptance was voluntary. From this it appears that the remote cities and monied institutions have confidence in the wealth, credit, and commercial enterprize of the citizens of Philadelphia, though the jealousy and spirit of monopoly of the Pennsylvania Bank opposes their credit, and the interests and reputation of the state.

That the eastern part of the Union understands the subject better than others may be proved from various sources—from the extent of its commercial enterprizes, and their success—from the proportion which they hold in the public funds—and even from the proportion of Banks, which are the supporters of that activity——

There are east of Philadelphia,	-	33 Banks.
South of Philadelphia,	- -	12 Banks.

Upon an examination of the late Report of the Secretary of the Treasury, it appears that in the states east of Philadelphia, there are the following number of Stockholders and proportions of funds of the United States.

Stockholders north of Philadelphia, 7971— who draw annually, -		$ 1,785,443
Stockholders south of Philadelphia, 1371— who draw annually, -		340,435
Difference in favor of the eastern states—		$ 1,445,008

Hence it appears that where the proportion of Banks is greatest, there is the greatest amount of property and profit, in the proportion of five to one.

And hence it follows too, that the eastern states, by means of their industry and the activity which their Banks give to capital, make the states south constantly their debtors, and derive a vast profit from the inactivity ofcapital in the southern states.

As these observations have been extended already to more than the proposed length. What remains to be said shall be given in a more brief form.

Having endeavored to shew that banks are productive to a commercial and agricultural country--it may now be enquired —Why do the directors of the Pennsylvania bank oppose the granting of a charter to the new bank, and endeavor to prevail on the legislature to leap over the walls of liberty, to the injury of men possessed of equal rights ?—It must be from the spirit of monopoly—or to retain a political influence in the state, dangerous to the liberties of the people and dangerous as connecting the government exclusively with a monied institution.

Why do the directors of the Pennsylvania bank, constantly ring the alarm bell to the legislature?—For the same reason that they sung a siren song,to the tune "that if a change took "place in the late administration, and that John Adams should "be turned out, that ruin and confusion would result to the "state!"—The bribe they offer to the state is equal to three

years income of the whole capital of the new bank, who are contented to accept a charter for ten years.—Does not this argue that there is ample room for a new bank.

Why would the state not receive as much income from the Pennsylvania Bank if the new Bank was incorporated? The interest produced by the bank of the United States has not lessened since the establishment of the Bank of Pennsylvania. It would be necessary to prove that there is not business for the banks, to establish the imaginary injury to the state. But the fact is there are more borrowers than lenders of money because there is more industry than idle opulence. The committee of the Pennsylvania Bank, calculate on making 8 per cent, after permitting the state to subscribe $ 300,000 more to that institution. The new bank is in operation and will continue to do business with or without a charter, and all the *the good or evil* will result to the state, as much without a charter as with one,—why then refuse the money offered for a charter? It is refusing to receive, what may be taken without any disadvantage—a sum of money equal to the present need of the state and what will preclude the necessity of laying any tax.

What are the views of the directors of the Pennsylvania Bank, in offering to the state a large sum of money for an EXCLUSIVE *Monopoly?*

The object is under the plausible pretext of protecting the interest of the state in that institution; really to strengthen and keep back in reserve for a favorable occasion the powers of the phalanx of aristocracy—by keeping the influence of a monied institution in their own hands to controul elections and to oppress those who may not aid them in their federal tyranny—is not this in evidence from their management, in turning out of their direction, the only republican they had in their power, the *present mayor* of the city, and electing in his place Michael Keppele, a federalist, *turned out by the state.*

Why did the bank of Pennsylvania, apply to the legislature for an act to loan a half million of dollars to the United States?—They did it with a view to forward John Adams in his military establishment, and to pave the way to the aristocratic measure for *a monopoly* they now ask for.—This stride they are cloaked under by the law sanctioning *that loan!*

Would not the state pay one half of the sum out of its own funds, which the Pennsylvania bank offers for a monopoly?

Certainly as the half of the capital belongs to the state, half of the money would of course be paid to the state from its

own funds; for if it comes from the bank funds, either it must belong in its proportion to the state, or the state is cheated.

Will not the institution of banks produce some other good effects besides giving life to trade?

Certainly it will destroy usury; before the banks were established in Philadelphia, money was lent out by usurers at five per cent. per month—or five dollars for the loan of a hundred for thirty days—that is sixty dollars for the loan of a hundred for one year. Since there have been three banks, it has been reduced to two and two and an half per cent. that is half the usury reduced. Since the Philadelphia bank has been established, the usurers are all in an uproar, and among the most violent opponents of its charter.

Upon what principles do the bank of Pennsylvania look for a monopoly?

Upon the same principles as all monopolies, to enrich themselves and to exclude others from equal advantages in trade.

But what says the principles of the constitution?

The constitution of the United States, says—" No *ex post facto* law, nor any law impairing contracts shall be made," and is decidedly against all exclusive distinctions and monopolies.

How would the monopoly if it could be granted operate?

Suppose in thirty years, as may be fairly calculated, from the increase of population and commerce, at least five or more banks may be established with two million capital each.—If each bank were to offer as much as the Philadelphia bank now say they will give—the sum of 1,500,000 dollars, one million and a half, would be cut off from the state—by the sale of an exclusive right.

But how do the offers of the Pennsylvania bank agree with facts:—

The following is an account current to shew the operation of their offer—and beneath is an account current of the offer of the Philadelphia Bank.

Dr. The offer of the Pennsylvania Bank in account with the state Cr.

Dr.		Cr.	
To the capital stock the state must transfer to them,	$ 300,000	*By cash* - - -	$ 200,000
To one half the purchase money to be paid to the state from the bank, the state owning one half the capital of that institution.	100,000	*By a guarantee of 40 per cent for the 300,000 to be created new stock,* - -	420,000
To a dividend on the 300,000, to be new created stock at 8 per cent.	24,000		
Balance to be gained by the state,	196,000		
	620,000		620,000
		Actual price for the monopoly,	196,000

Dr.	The offer of the Philadelphia Bank with the state.		Cr.
To a transfer of $ 500,000, *of Pennsylvania bank stock at* 133 1-3 *per cent.*	$ 666,666 67	*By a subscription in favor of and to the new bank of* $ 500,000, *(now worth* 6 *per cent advance)*	$ 600,000
Balance to be gained by the state.	276,666 67	*By cash* - -	166,666 67
		By a half years dividend in March next, - -	10,000
		By a guarantee of 20 *per cent advance on the new stock at any time within one year.* -	100,000
		Probable rise in the new bank stock, above the guarantee 13 1-3 *per cent.* - - -	66,666 67
	943,333 34		943,333 34
		Actual price the state would receive for a charter and no monopoly	276,666 67

But how do you reconcile the proffers made by the Pennsylvania bank at different times—for they have asserted—

Assertion 1. That the banks already established are sufficient, and that there is no more business than they can do.

Assertion 2. They since say there is room enough for an additional stock of a million, and invite the legislature to subscribe 300,000 dollars of the additional stock.

The only answer, is that they meant something beside what they said in one or the other case, and probably in both, for there is no reliance to be placed where there is such gross contradiction.

What is the natural inference of their clamours, their zeal, and their contradictions?

The natural inference, is that they apprehend the Philadelphia bank is founded on principles more liberal than their own, and that it ought to be chartered.

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